


INTER COUNTY
ENERGY COOPERATIVE

A Touchstone Energy Cooperative 

December 5, 2003

RECEIVED

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PUBLIC SERVICE
COMMISSION

Mr. Thomas M. Dorman
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-4616

Re: Case No. 2003-00353
First Data Request of Commission Staff to Inter-County Energy Cooperative


Dear Mr. Dorman:

Enclosed you will find an original and ten (10) copies of the cooperative's response to the First Data Request of Commission Staff to Inter-County Energy Cooperative dated November 24, 2003 in reference to Case No. 2003-00353.

Should you require further information on any of the enclosed responses, please contact Mr. Steve Souder, Vice-President of Operations. Mr. Souder is coordinating the building project. Thank you.

Sincerely,

INTER-COUNTY ENERGY COOPERATIVE


James L. Jacobus
President/CEO

Enclosures

1. Refer to Exhibit A, Item 4, of Inter-County's application.

- a. Inter-County's financial analysis assumes that the new debt to finance construction of the proposed facility will be comprised of variable rate loans. Explain how Inter-County developed its assumption that variable interest rates will increase by .25 percentage points on an annual basis.**

This estimation was derived after consultation with Mike Norman, Rural Utilities Service General Field Representative.

- b. Inter-County states that the Federal Finance Bank ("FFB") will give the cooperative the option of locking in a long-term rate should interest rates begin to rise.**

- (1) Provide the interest rate at which long-term financing could currently be locked in.**

Currently the Federal Financing Bank 30 year fixed rate for November 10-14, 2003 was 5.04%. This is the most recent published rate.

- (2) Explain the advantage to waiting until short-term rates begin to rise before locking in a long-term rate. In the explanation, include how far short-term rates would have to increase before Inter-County would seek to lock in a long-term rate.**

The decision to use short-term financing results in a lower financing cost. Inter-County maintains a close relationship with its supplemental lender, Cooperative Finance Corporation (CFC). The experts at CFC make recommendations to Inter-County concerning the trends in interest rates. Inter-County's history of following CFC's recommendations on loan portfolio positioning has proven beneficial. The analysis of loans associated with the building will be the same as with other outstanding variable-rate loans. Inter-County will continue to analyze interest rates in an effort to minimize the cost of capital.

- 2. Refer to Exhibit C, page 1, of Inter-County's application. Inter-County states that it currently has 60 employees. Explain how many of the 60 employees will perform their primary work function routinely within the new office building. In the explanation, identify the number of office employees and the number of non-office employees, or restate the number of "inside" and "outside" employees.**

Inter-County currently employs 60 individuals. Six of those employees report to and work out of the Lebanon District Office in Lebanon Kentucky.

The remaining 54 employees report to the Danville Headquarter facility. Of those 54 employees, 21 would be considered "non-office" or "outside" employees. The remaining 33 employees would be classified as "office" or "inside" employees.

Many of the of the "outside" employees, such as the 9 Maintenance Technicians, will spend a brief portion (about 1 hour) of each day at their individual workstations in the new headquarter facility with a laptop PC updating mapping systems and receiving and reviewing work assignments, interaction with the business office in matters such as meter reading issues, reconnects, disconnects, cutoffs, receiving service orders, etc. Crew Leaders will also conduct meetings within the new facility with their crews prior to heading out to their primary work functions.

All employees will use various meeting rooms for specialized training and safety meetings.

- 3. Refer to Exhibit G of Inter-County's application, which shows estimated annual operating costs for the current facilities to be \$77,784. Provide a narrative description of the condition of the current facilities. In the description, identify any major maintenance projects Inter-County believes will be necessary that might escalate the annual operating costs of the current facility.**

Below are some major maintenance projects Inter-County believes may be necessary in the near future that might escalate the annual operating costs of the current facility. A description of the condition of the current facilities can be found in the response to question # 4, part c. of this document as well as question # 7. Many of these projects listed below are also discussed in the response to question # 7 of this document. These remedial improvements that would be paid for out of annual operating budget include:

- HVAC ventilation and control upgrades (meet code, avoid "sick-building syndrome")
- Hazardous material removal (asbestos, oil spills, etc.)
- Window replacements
- Roof Repair/Replacement
- Emergency power improvement
- Fire protection retrofit.
- Masonry repair or replacement of the brick walls due to water infiltration and deterioration of the brick.
- ADA accessibility and accommodation renovations.
- New electrical power, data, telephone and public address infrastructure

4. Inter-County states that CDS Engineers, Planners and Surveyors ("CDS"), performed a facility assessment which determined, for current and future office space and support area that Inter-County requires approximately 26,500 square feet of space. Refer to Exhibit H of Inter-County's application, which shows the final schematic floor plans of the new facility. The floor plans show that the first floor contains 19,800 square feet of floor space, with the second floor consisting of 9,500 square feet, or a combined total of 29,300 square feet.

a. Provide a copy of the CDS facility assessment

A copy of the CDS Facility Assessment can be found as EXHIBIT A.

b. Explain in detail the timeline for proposed headquarter replacement concluded from the facility assessment.

- Based on a February bidding schedule, the contract award would be performed in mid-late March 2004. (Refer to EXHIBIT B showing the existing facility and site)
- Phase 1 will involve the demolition of the rear garage portion of the current facility and the old warehouse building. The timeline for completion of this task should be approximately 1 month and completed by mid-April of 2004. (Refer to EXHIBIT C to see first demolition of structures)
- Phase 2 will involve constructing a new corporate office headquarters building directly behind our current office facility. The timeline for completion of this task should be approximately 9-10 months or around January-February of 2005. At this time, the current staff and day-to-day operations will relocate into the new headquarters facility. (Refer to EXHIBIT C to see the location of the new corporate facility in relation to the existing buildings)
- Phase 3 would involve the demolition of the current office facility. The timeline for completion of this task should be approximately one month or around March of 2005. (Refer to EXHIBIT D)
- During either Phase 2 or 3, the construction of the warehouse addition and loading dock addition can occur. The timeline for this task is approximately 3 months (Refer to EXHIBIT D to see the warehouse addition and covered loading dock addition.) This process can start anytime, before or after new office construction begins).

- Phase 4 will involve completing the final site work. The timeline for this task is about 2 months or completion around May-June of 2005. Total Project Length Projected: 13-14 months. (See EXHIBIT E for the completed site)
- c. **Provide a narrative as to the adequacy of both the present and proposed headquarter facility office space.**

Customer Service

One of the major goals was to improve the customer experience. The new headquarters addresses deficiencies such as:

- Inadequate and dangerous drive-through window service and lobby access on foot. Inadequate parking and dangerous and congested vehicular customer/service conflicts.
- Lack of privacy for customer communications at the lobby counter. Inadequate space and amenities for customer service personnel behind the counter.
- Lack of consolidation of customer service functions so that customers have to go to various places in the facility in order to be fully served.
- Poor access and accommodations are a major problem for customers with disabilities attempting to utilize the facility.

Security

Security of the operation and of the employees was a major design goal.

- With the advent of Homeland Security concerns, provision of building and site security is difficult with the existing facility. Multiple doors requiring key access and good visual control of access points are security issues addressed by the new design.
- Restricting customer access to carefully-controlled areas adjacent to the lobby was a major planning goal. This minimizes the risk to employees and operations from an irate customer or someone else with harmful intentions.

Operational Efficiency

Efficiency can be gained by both provision of appropriate space and by locating people and functions that have common communication and work adjacent to one another. A detailed programming interview process was undertaken so that the design of the new facility would be based on solid information about what people need to perform their jobs in terms of space, features and location.

For example, placing the Construction and Maintenance personnel much closer to Operations, particularly the Dispatch area will enable much closer working relationships; and a much higher level of emergency response – something that is impossible with the current facility design.

Group communication is a key aspect of having good teamwork. Having a large meeting space (i.e. the Community Room) where that communication can happen is a fundamental requirement. Also, having such a space makes training and education for larger groups of employees possible. There is a severe lack of meeting space in the current facility, which is a great impediment to good teamwork.

Marketing Image

A key to the future fiscal health of the cooperative is the ability to expand the customer base, particularly the Corporate and Industrial sector. The current facility is an impediment to effective marketing to that sector. The cooperative is a vital member of the community; and as such, should do things to promote good relationships with the community. One avenue for doing this is with the provision of a Community Room that is available to host community activities and to serve the members. The current facility doesn't have such a room. Even recently, calls have been received from members requesting access to the room, even though it was converted to offices several years ago. The cooperative is hampered in its mission of promoting energy efficiency and conservation when its facilities demonstrate its lack of commitment to that goal.

- d. **Explain whether the 26,500 square feet indicated in the assessment includes only Inter-County's general office facility, or if it includes office space in other areas, such as warehousing.**

The 26,500 does include offices and locker rooms for Maintenance and Construction personnel in the assessment. Warehousing is not included in the 26,500 square feet of the assessment.

- e. **Explain why the final floor plans call for 2,800 square feet more than CDS proposed in Inter-County's current and future use.**

The CDS assessment actually projected between 25,488 SF and 27,376 SF in the Space Allocation Summary. This was generated prior to the floor plan being developed. Also, this was based on the assumption of a one-story building. Because of the desire to provide full customer service in the current facility, as well as provide safe construction of the new facility within the allowed property footprint, the decision was made to create a two-story office addition for the following reasons: nearly 12,000 SF of existing offices would have been impacted with renovation resulting in major disruption and risk to customer service; there is great need for additional parking and landscaped area to serve customers; setting back the building gives more opportunity to reduce vehicular congestion; and it creates a better street presence to the community. This mandated the addition of interior stairs and elevator that added area. Bathrooms were also provided on both levels, which also added area.

Since the proposed building is land-locked and unable to be expanded horizontally; additional un-programmed area was added in the office areas to allow for growth beyond the ten-to-fifteen year assessment projection.

- f. **Explain whether Inter-County considered the areas of greatest growth within its service territory in its decision to keep its headquarters at its present location.**

When considering the location of the new office, the areas of greatest growth as well as largest concentration of membership within its service territory were considered. Inter-County serves within 12 counties in Central and West Central Kentucky.

For geographic simplicity, the territory can be divided into two distinct areas. The "Central" service area and the "Western" service area. The Central service area tends to associate more with the Danville health care facilities, shopping, dining/restaurant and entertainment markets. Danville has long been referred to as the "hub" of the Boyle, Garrard, Lincoln, Mercer and Casey Counties. The Western area tends to associate more with the Lebanon and Louisville health care, shopping, dining/restaurant and entertainment markets. A chart labeled "EXHIBIT F" shows the breakdown of the two areas as well as a 10-year growth statistic for each county and geographic area.

The chart shows that 77% of Inter-County's member base is located within the counties of Boyle, Casey, Garrard, Lincoln, Madison, Mercer and Rockcastle. Four of the county seats (Danville, Lancaster, Stanford and Harrodsburg) of those 5 counties are located within 12 miles of the current Inter-County headquarter site. The remaining county seat of Liberty is approximately 26 miles from the current headquarter location, however, most of the Inter-County membership base in Casey County is located North of Liberty, which favors the Danville location as well.

From growth statistics during the period of September 1993 through September 2003, 77% of the growth occurred in the Central area of the service territory as compared to 23% growth in the Western area of the service territory.

Geographically, Danville is located central to the area based on the service area east to west and just north of the center based on north to south. The Danville area offers superior roadway access with US 150 and US 127 intersecting in the city limits and US 68 passing just West of Danville.

Since Inter-County currently operates a District Office in Lebanon, the Western service area is served well from that office location. Geographically, Lebanon is located in the center of that service area.

Based on this information, it was determined that the current location is the best site for the new headquarter facility.

- g. Has Inter-County compared the size of its proposed building to that of other recently constructed cooperative headquarters?**

Inter-County personnel toured the Jackson Energy facility (completed in 2001), the Nolin RECC facility (completed in 1997) and the Blue Grass Energy facility (completed in 1994). A tour of the Owen Electric facility is scheduled for the middle of December. These are the most recent Cooperative facilities constructed in Kentucky. The tours were basically conducted to gain ideas of latest technologies, operational efficiencies and various types of construction. We feel it is impractical to compare the size and costs of their buildings since each cooperative had various needs in relation to their employee numbers, membership numbers, their anticipation of both membership and employee growth and their mission within the community for their individual cooperative.

Some coops chose to provide a community room, some didn't. Some coops chose to incorporate the entire business within the one building, while others chose to construct a headquarter building with no customer interaction along with a nearby district office for the purposes of customer interaction. Some chose to dedicate a history/museum area within the cooperative headquarters, some didn't. Some coops have a large number of employees; however many of those employees are housed in district offices rather than the headquarters facility.

- h. Provide a comparison, which should include the number of employees, the number of customers served by each cooperative, the date constructed and the cost of the new headquarters facilities.**

See "EXHIBIT G"

- i. Does Inter-County anticipate hiring additional employees in the next 5 years? If yes, provide the number of employees and their titles.**

Yes. Inter-County anticipates hiring an engineering technician in January of 2004. There may be other hires in the next 5 years; however, at the time of preparing this response, there is no definite plan. With additional membership growth, comes more demands on the current staff levels. That growth could dictate the need for other additional employees over the next 5 years.

- j. **Assume no additional employees would be hired for the next 5 years. Explain why Inter-County would need a new headquarters.**

When the current facility was constructed in 1951, employees were "doubled-up" in offices from day one. Even today, we have employees sharing offices originally designed for one person. With the growth over the years, we closed down our community room and converted that area to offices. This was very unpopular with our membership and the community; however, we made the sacrifice at that time to have adequate office space. That change left us with no meeting room for education and training sessions. In 2000, a 1,800 square foot loading ramp was converted to an employee meeting and training room. It serves the purpose, but is still far from providing an adequate location to conduct such meetings. If we hire one more person today, we have absolutely no place to locate that person.

Even an internal reorganization change could require an employee to move from one department to another thus requiring an additional work station within that department. This kind of change could create a problem without adding any additional employees. Response No. 4, c, of this document also addresses many of the problems with the current facility in the areas of operational efficiency.

- 5. Option # 1 is a retrofit of your existing building with major changes at an approximate cost of \$4.6 million compared to your proposed facilities at an approximate cost of \$6,158,566. Explain in detail why Inter-County believes that it is reasonable to spend an additional \$1.5 million for new headquarter facilities instead of a retrofit.**

Whenever massive renovation is required for a facility, there is a threshold where it represents a poor cost/benefit to the Owner. In the case of Inter-County Energy, there are several issues that became deciding factors behind our decision to build a new Headquarters Office building:

1. A critical factor is maintaining full operations in the midst of construction activities. This could become a life-safety issue in the event of natural disasters or civil emergencies where restoration of disrupted service is of paramount importance. There is a critical vulnerability with respect to emergency power: only part of the office facility is served and none of the warehouse/service facilities are served. In addition, there is no automatic transfer switchgear for the emergency generator (skilled personnel are required to perform a switchover).
2. A massive amount of renovation would be necessitated in a number of ways, chief among them:
 - Hazardous materials: asbestos removal from pipes, removal of suspected vinyl asbestos flooring, potential contamination in the garage and service bays. There is the possibility of PCB contamination in the old warehouse slated for demolition, even with a renovation of the existing office building.
 - Building Code Compliance:
 - ADA Accessibility: there are problems with accessible pathways from the parking lot, at entrances and at most doors throughout the facility. All restrooms would require total renovation. Full sprinkler systems are required throughout the buildings.
 - All HVAC systems need to be upgraded to provide sufficient ventilation and to satisfy energy code requirements.
 - Fire safety: Wood construction for the storage mezzanine is noncompliant, requiring either demolition or creation of expensive fire walls to separate it from the rest of the facility.

3. Satisfying Space Needs: The design programming process made it clear that there are major realignments of operational functions needed; appropriate spaces need to be created to enable operational departments to perform their missions efficiently and spaces created to accommodate future needs and growth. To meet these objectives would require major demolition and disruption of operations.
4. Public Safety: Safeguarding customers and employees in the midst of the major renovation contemplated would be a major concern. This would necessitate protective scaffolding and barriers to protect people entering and using the facility. In addition, people would have to be protected from the dust and fumes associated with demolition and construction.

While there are still challenges with protecting customers and employees in new construction, they can be addressed with phased implementation of the new office building and service addition. The phased construction will also minimize disruptions to customer service.

6. **Inter-County states, "The current site is approximately 18 acres and is adequate in size. However, the property is somewhat landlocked with two access points. The current main access is located on Hustonville Road, which is a very busy four-lane highway."**

- a. **Explain why Inter-County is proposing to spend more than \$6 million on a new headquarters with no convenient access for large trucks pulling equipment and poles.**

In the initial exploration of the location of a new headquarters facility various locations were considered. In our evaluations of these locations, traffic was a major point. Locations that had traffic controls in place were not available. Other locations were exposed to highway speed (55 mph) traffic.

The traffic flow on Hustonville Road is limited to 35 mph and is heavily enforced by the law enforcement authority. A traffic control light is located a short distance from the entrance to the property, thus affording a break in the traffic flow. Motorists in this section of Hustonville Road are accustomed to truck traffic entering and exiting the Road due to the many businesses and shopping districts within close locality. When these considerations were balanced with the other aspects of building location, the present location with its traffic situation was preferred.

The new design also offers much needed parking in the front of the building. This allows for more convenience to the front entrance of the new building. This adds an additional safety feature for our employees since currently most of the customer parking is on the north and south sides of the building. This parking situation encourages customers to use alternative entrance and exit doors into the building.

- b. **Provide a narrative detailing the procedures that will be employed to mitigate the traffic congestion and safety issues arising from the continued use of the existing property in regard to entering and exiting a high-volume traffic stream with large pole-towing construction equipment.**

The designers utilized this knowledge of the traffic situation to mitigate the impact that Inter-County Energy's traffic would have on Hustonville Road. The building was set-back (see EXHIBIT D for the benefit of new facility set-back versus set-back example in EXHIBIT B) to enable drives to be designed with larger turn radii thus giving more maneuvering room for larger vehicles. The customer traffic is separated from truck traffic.

The provision of a gate in the screen wall allows the option of a straight exit for trucks towing poles. This will enhance safety for our customers, employees and the general public.

One of the major safety concerns with the existing facility is the drive-thru lane. During heavy payment times, the current drive-thru lane can become congested and extend out thru the south entrance and onto a major 4 lane roadway (Highway 127). The building set-back will allow for the drive-thru lane (see EXHIBIT D) to hold up to 10 cars thus enhancing safety for our customers and the general public.

Inter-County has tentative plans to explore with the City of Danville and Kentucky Department of Transportation the possibility of a selectable traffic control device such as a switched traffic light that would be used to improve the safety of trucks entering the roadway.

7. Provide a narrative based on your best judgment as to the consequences of delaying construction of new headquarter facilities for an additional 5 years.

Projecting the effect of operating Inter County Energy for the next five years in its present facility causes one to review the recent history. Inter County Energy has made several structural changes as a result of inefficiencies in the existing facility. These have a limited life and are less than optimal. Offices have been remodeled and created from space that was previously a community meeting room. The kitchen was converted to a bill stuffing room and the adjoining closet is now being used as the computer room. The roof has been repaired several times and the exterior walls have been sealed to prevent ingress of moisture; however, leaks and moisture are still a problem. The computer network wiring was augmented with a wireless network due to the difficulty and expense of installing more circuits in the building.

Daily operations of the business are encumbered by the existing structure. Operational emergencies are dispatched from a cramped office with inadequate facilities for display and system analysis. Workflow through the departments is inefficient due to the restrictions on locating offices in the building. For example, construction crews are located in the detached warehouse requiring crewmembers to come to the main office from the warehouse for work planning. The construction superintendent's office is also located in the warehouse. Infrastructure components such as lighting, air delivery and temperature control are not up to modern standards. Some of the old components of the building contain asbestos. Security concerns have caused us to redirect employee and customer traffic through different doors. These security measures have imposed some confusion to the members and other visitors. The changes that were made still do not provide the level of security that we would like to have. Locating employees to be accessible to the customer while maintaining an increased level of security has led to further inconvenience to the customer. Customers do not have adequate parking or drive-thru facilities to transact business. Changes or additions to the building present a challenge due to evolved nature of the present state.

Inter County Energy has taken a reduced presence in the community since the public facilities were converted to office space. Industry has suffered in the community. While the electric utility is not directly at fault for the economic plight of the area, poorly represented utilities in the community certainly are not an inducement for new industries.

The critical systems of the present facility are being taxed to maintain daily operations. The electrical wiring in the building is inadequate for the normal business appliances to be efficiently used. The telephone wiring is poorly located. Computer network wiring does not support the capabilities of the computers in use. The plumbing system and bathrooms present frequent operational problems.

The architects from CDS have brought to our attention that construction costs typically increase during periods of economic expansion and fall or rise at a slower rate during periods of contraction. The CDS planners think that this is a much better time to construct than to delay construction.

This discussion may not be strictly limited to five years, but the problems of the present facility have been mounting for several years. The future problems of an old inadequate facility will only be amplified when projected into the future.

EXHIBIT A

INTERCOUNTY ENERGY CO-OPERATIVE OFFICE AND SERVICE FACILITY DESIGN PROGRAM

March 19, 2003

DRAFT CONFIDENTIAL

CDS
engineers
architects
planners
surveyors

CDS Associates, Inc.
www.cds-assoc.com

11120 Kenwood Road
Cincinnati, Ohio 45242-1818
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Florence, Kentucky 41042
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EXECUTIVE MANAGEMENT

EXHIBIT A
Page 2

DESCRIPTION OF AREA	NO. OF ROOMS OR SPACES	NO. OF PERSONNEL	W	L	PROP. SQ. FT.	TOTAL PROJ. SQ. FT.	SUGGESTED FLOOR	WALLS TO CEILING	FULL HT. WALLS	ACOUSTICAL TREATMENT	REMARKS
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EXECUTIVE MANAGEMENT

EXISTING PERSONNEL

President/CEO	0	1	14	22	308	308	1	X	X		Include conf. Table to seat 7-8 for Dept. Head Mtgs.
Executive Secretary	0	1	12	14	168	168	1	X	X		Adjacent to copy / mail room

FUTURE PERSONNEL (5-10 YRS. IN FUTURE)

None	-	0	-	-	-	-	-				
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SUPPORT AREAS

Board Room	1	-	36	24	864	864	1	X	X		Horse-shoe seating (15); computer projection;
Foyer with small waiting area	1	-	12	16	192	192	1	X	X		Adjacent to Board Room, Community Room and Exec. Assistant; Display case
Table and chair storage	1	-	10	12	120	120	1	X	X		Adjacent to Board Room adjacent to Board Room, Community Room and Foyer, room for catering line on 2 sides of table
Kitchenette	1	-	14	20	280	280	1	X	X		Small unisex restroom adjacent to Board Room & CEO
Rest Room	2	-	8	8	64	128	1	X	X		

SUBTOTAL

2,080

CIRCULATION

721

TOTAL S.F. REQUIREMENTS
ROUNDED TOTAL2,781
2,800

OFFICE SERVICES

EXHIBIT A

Page 3

DESCRIPTION OF AREA	NO. OF ROOMS OR SPACES	NO. OF PERSONNEL	W	L	PROP. SQ. FT.	TOTAL PROJ. SQ. FT.	SUGGESTED FLOOR	WALLS TO CEILING	FULL HT. WALLS	ACOUSTICAL TREATMENT	REMARKS
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OFFICE SERVICES DEPT.

EXISTING PERSONNEL

Vice President	-	1	12	16	192	192	1		X	X	
Customer Service Representatives (Front Counter)	-	3	8	8	64	192	1			X	(2) teller stations+ drive thru; Acoustically absorbent matls.; Safe for cash drawers
Customer Service Representatives	-	4	8	8	64	256	1			X	Computer Workstations
Computer Systems Operation	-	1	12	12	144	144	1		X	X	

FUTURE PERSONNEL (5-10 YRS. IN FUTURE)

Customer Service Representative	-	1	8	8	64	64	1				Computer Workstation
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SUPPORT AREAS

Flex Work Station	1	-	8	8	64	64	1				Computer Workstation located at front counter; H.C. accessible
Storage/file area	1	-	10	12	120	120	1	X			Contiguous with Customer Service work area
Printer / Copier Work Room	1	-	6	8	48	48	1				
Small Conference Room	1	-	10	12	120	120	1		X	X	Locate near Lobby for meeting with customers or vendors.
Computer Server Room	1	-	12	12	144	144	B		X		2 Hour fire-rated walls. Insulate walls for humidity control.
Computer Printer Room	1	-	10	12	120	120	1		X		2 Hour fire-rated walls. Insulate walls for humidity control. Locate near Bill Processing area.
UPS (Uninterruptable Power Supply) Room	1	-	8	20	160	160	1		X		2 Hour fire-rated walls
Computer Sytems Work Room	1	-	10	12	120	120	1				
Bills Stuffing Machine	1	-	16	24	384	384	1				
Bill Processing/Forms Storage Room	1	-	10	12	120	120	1		X		Insulate walls for humidity control; outside access for loading
Vault	1	-	12	12	144	144	1				

OFFICE SERVICES

EXHIBIT A
Page 4

DESCRIPTION OF AREA	NO. OF ROOMS OR SPACES	NO. OF PERSONNEL	W	L	PROP. SQ. FT.	TOTAL PROJ. SQ. FT.	SUGGESTED FLOOR	WALLS TO CEILING	FULL HT. WALLS	ACOUSTICAL TREATMENT	REMARKS
SUBTOTAL						2,392					
CIRCULATION						789					
TOTAL S.F. REQUIREMENTS						3,181					
ROUNDED TOTAL						3,200					

MEMBER SERVICES

EXHIBIT A
Page 5

DESCRIPTION OF AREA	NO. OF ROOMS OR SPACES	NO. OF PERSONNEL	W	L	PROP. SQ. FT.	TOTAL PROJ. SQ. FT.	SUGGESTED FLOOR	WALLS TO CEILING	FULL HT. WALLS	ACOUSTICAL TREATMENT	REMARKS
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MEMBER SERVICES DEPT.

EXISTING PERSONNEL

Vice President	-	1	12	16	192	192	1		X	X	Seat 2 or 3 visitors
Member Services Advisor	-	2	10	14	140	280	1		X	X	Seat 2 or 3 visitors
Member Services Assistant	-	1	10	10	100	100	1			X	

FUTURE PERSONNEL (5-10 YRS. IN FUTURE)

Member Services Advisor	-	1	10	14	140	140	1		X	X	Seat 2 or 3 visitors
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SUPPORT AREAS

Waiting Area	1	-	6	8	48	48	1				Seat 4 people
Huddle/Conference Room	1	-	12	16	192	192	1	X		X	Shared with Accounting
File Area	1	-	3	8	24	24	1	X			
Printer/copier/fax area	1	-	10	10	100	100	1				
Marketing open work area	1	-	12	14	168	168	1				
Marketing storage	1	-	14	12	168	168	1	X			Convenient to Customer Service counter and stations
General storage	1	-	14	12	168	168	1	X			Cell phones, uniforms, safety gear
Lobby Display Space	1	-	14	12	168	168	1				Elec. Grilles, Mantels, Electric Thermal Storage, Display Case for small items.
Foyer Display Space	1	-	4	16	64	64	1				Trophies, plaques, community recognition

SUBTOTAL

1,412

CIRCULATION

468

TOTAL S.F. REQUIREMENTS
ROUNDED TOTAL1,878
1,900

DESCRIPTION OF AREA	NO. OF ROOMS OR SPACES	NO. OF PERSONNEL	W	L	PROP. SQ. FT.	TOTAL PROJ. SQ. FT.	SUGGESTED FLOOR	WALLS TO CEILING	FULL HT. WALLS	ACOUSTICAL TREATMENT	REMARKS
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ACCOUNTING & FINANCE DEPT.

EXISTING PERSONNEL

V.P. Accounting & Finance	-	1	12	16	192	192	1		X	X	
Payroll Specialist	-	1	10	12	120	120	1	X		X	
Human Resource Specialist	-	1	10	14	140	140	1	X		X	

FUTURE PERSONNEL (5-10 YRS. IN FUTURE)

?	-	1	10	12	120	120	1	X		X	
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SUPPORT AREAS

Huddle/Conference Room	1	-	12	12	144	144	1	X		X	
High-density File Area	1	-	12	16	192	192	1				
Printer/copier area	1	-	10	10	100	100	1				
Storage Room	1	-	10	12	120	120	1	X			

SUBTOTAL	1,128
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CIRCULATION	372
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TOTAL S.F. REQUIREMENTS	1,500
ROUNDED TOTAL	1,500

OPERATIONS

EXHIBIT A
Page 7

DESCRIPTION OF AREA	NO. OF ROOMS OR SPACES	NO. OF PERSONNEL	W	L	PROP. SQ. FT.	TOTAL PROJ. SQ. FT.	SUGGESTED FLOOR	WALLS TO CEILING	FULL HT. WALLS	ACOUSTICAL TREATMENT	REMARKS
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OPERATIONS DEPT.

EXISTING PERSONNEL

Vice President	-	1	12	16	192	192	1		X	X	Weekly planning meetings; Workstation; General File Storage
Operations Assistant	-	1	10	12	120	120	1	X		X	Workstation; File Storage; Side chairs
Plant Accountant	-	1	10	14	140	140	1	X		X	Workstation; File Storage; Side chairs
Access Office	-	1	12	14	168	168	1	X		X	Workstation; File Storage; (4) Side chairs; Direct access to lobby

ENGINEERING

Electrical Engineer	-	1	10	12	120	120	1	X		X	Workstation; File Storage; (2) Side chairs
Engineering (Staking) Tech	-	3	8	8	64	192	1			X	Workstation
Engineering Services Coord	-	1	8	8	64	64	1			X	Workstation
Mapping	-	1	8	8	64	64	1			X	Workstation

MAINTENANCE

Maintenance Supervisor	-	1	12	12	144	144	1	X		X	Workstation; File Storage; (2) Side chairs
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CONSTRUCTION

Construction Superintendent	-	1	12	12	144	144	1	X	X	X	Computer workstation; (2) side chairs; file storage
Warehouse / Purchasing Coord	-	1	10	12	120	120		X	X	X	Computer workstation; (2) side chairs; file storage

FUTURE PERSONNEL (5-10 YRS. IN FUTURE)

Engineering (Staking) Tech	-	1	8	8	64	64	1				
Maint. Tech	-	1	8	8	64	64	1				
Construction Tech	-	1	8	8	64	64	1				

OPERATIONS

EXHIBIT A
Page 8

DESCRIPTION OF AREA	NO. OF ROOMS OR SPACES	NO. OF PERSONNEL	W	L	PROP. SQ. FT.	TOTAL PROJ. SQ. FT.	SUGGESTED FLOOR	WALLS TO CEILING	FULL HT. WALLS	ACOUSTICAL TREATMENT	REMARKS
Mapping Assistant	-	1	8	8	64	64	1				Part-time or half time
Warehouse Assistant	-	1	8	8	64	64	1				

SUPPORT AREAS

Huddle/Conference Room	1	-	12	16	192	192	1	X		X	Meet with contractors; emergency response center; access to dispatch; map projection; work table
Printer/copier area	1	-	10	10	100	100	1				
Meter Readers' Work Area	1	-	12	12	144	144	1	X			Near outside access. Workspace. Computer station. Near Billing
Open Work Area - Staking	1	-	10	16	160	160	1				Large plan table near Staking Eng.; flat file storage; large format printer / plotter
Dispatch / Radio Room	1	-	12	18	216	216	1		X		2 Hour fire rated walls. Ceiling mounted computer projectors
Men's Locker Room / Shower	1	-	18	20	360	360	1	X	X		H.C. accessible; (24) locker; shared by maintenance and construction crews
Men's Rest Room	1	-	9	24	216	216	1	X	X		H.C. accessible; shared by maintenance and construction crews
Women's Locker Room / Shower / Rest Room	1	-	9	16	144	144	1	X	X		H.C. accessible; (4) locker
Linemen's' / Maint Tech Breakroom	1	-	16	24	384	384	1				Used for meeting / training; TV; counterspace and cabinets for food prep; refrigerator; microwave; ice machine; seating for (24)

OPERATIONS

EXHIBIT A
Page 9

DESCRIPTION OF AREA	NO. OF ROOMS OR SPACES	NO. OF PERSONNEL	W	L	PROP. SQ. FT.	TOTAL PROJ. SQ. FT.	SUGGESTED FLOOR	WALLS TO CEILING	FULL HT. WALLS	ACOUSTICAL TREATMENT	REMARKS
Maint. Tech' Workroom	1	-	12	12	144	144	1				(8) Work carrels; drawer storage; computer access; wall display
Linemen's Workroom	1	-	12	12	144	144	1				(8) Work carrels; drawer storage; computer access; wall display
Line Foremans' Workroom	1	-	10	18	180	180	1				(2) workstations; Shared work table
SUBTOTAL						4,172					
CIRCULATION						1,377					
TOTAL S.F. REQUIREMENTS						5,549					
ROUNDED TOTAL						5,500					
SERVICE AREA											
General Supplies Storage	1	-	100	100	10,000	10,000	1				Includes work areas and scales
Work Area / Electrical Testing Lab	1	-	12	14	168	168	1				Used for research work; work bench; storage
Custodial Supplies	1	-	3	6	18	18	1		X		Shelving / mop basin
Receiving Dock	1	-	6	10	60	60	1				depressed loading area used for equipment and supplies deliveries off semi-truck; dock leveler; scale;
General Supplies Storage	1	-	8	10	80	80	1		X		Storage for Hot sticks in dedicated storage rack
Rubber Supplies Storage	1	-	8	10	80	80	1	X	X		Humidity control
Supplies / Tool Room	1	-	10	16	160	160	1		X		
SUBTOTAL						10,566					
CIRCULATION						2,430.18					
TOTAL S.F. REQUIREMENTS						12,996					
ROUNDED TOTAL						13,000					

DESCRIPTION OF AREA	NO. OF ROOMS OR SPACES	NO. OF PERSONNEL	W	L	PROP. SQ. FT.	TOTAL PROJ. SQ. FT.	SUGGESTED FLOOR	WALLS TO CEILING	FULL HT. WALLS	ACOUSTICAL TREATMENT	REMARKS
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COVERED OUTDOOR
LOADING AREA

Loading Docks

1

-

60

100

6,000

6,000

1

(5) docks for construction crew use; (5) docks for maint. crew use; side loading of semi-trucks at end, shared loading area between docks

SUBTOTAL

6,000

CIRCULATION

600

TOTAL S.F. REQUIREMENTS
ROUNDED TOTAL

6,600

6,600

SUPPORT AREAS

EXHIBIT A

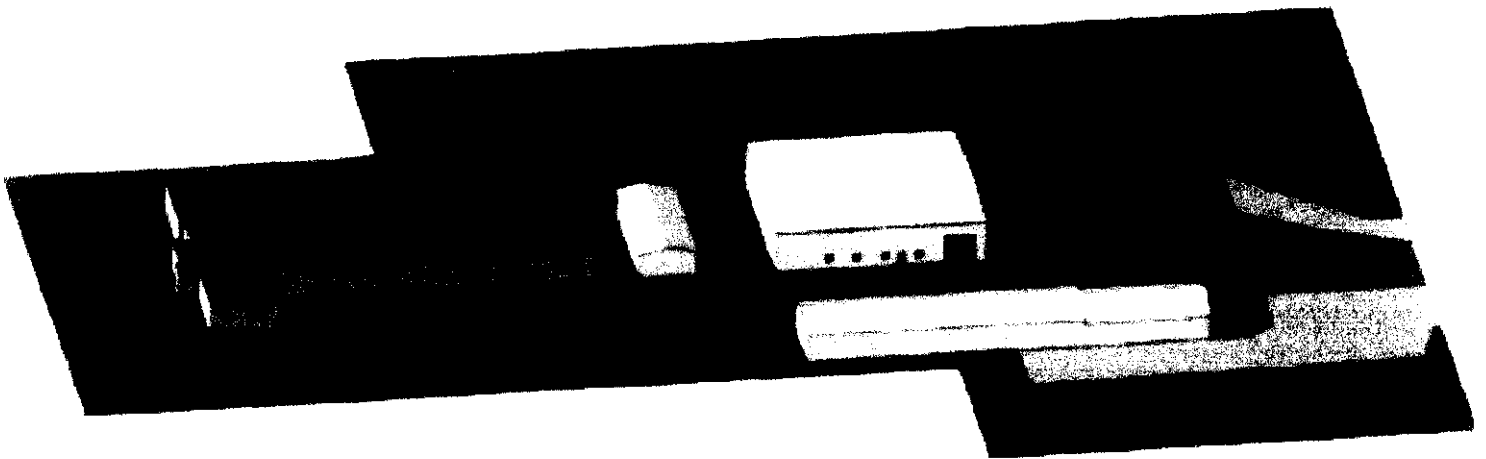
Page 11

DESCRIPTION OF AREA	NO. OF ROOMS OR SPACES	NO. OF PERSONNEL	W	L	PROP. SQ. FT.	TOTAL PROJ. SQ. FT.	SUGGESTED FLOOR	WALLS TO CEILING	FULL HT. WALLS	ACOUSTICAL TREATMENT	REMARKS
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SUPPORT AREAS

Waiting Area	1	-	12	18	216	216	1				Lounge-type seating for 12 adjacent to Cust. Serv. Area
Lobby	1	-	24	24	576	576	1				
Foyer for Community Room	1	-	14	24	336	336	1				
Coat Closet for Comm. Rm	1	-	12	12	144	144	1				
Smoking Room	1	-	12	14	168	168	1				Dedicated Ventilation
Community Room	1	-	40	60	2,400	2,400	1		X	X	100-150 capacity at tables & chairs; computer projection; speakers
Public Rest Rooms	2	-	10	24	240	480	1		X	X	Adjacent to Community Room and Foyer, access to Lobby
Employee Rest Rooms	2	-	10	24	240	480	1		X	X	Adjacent to Wellness Center and Break Room
Employee Locker Rooms with Showers	2	-	10	24	240	480	1		X	X	Adjacent to Wellness Center and Break Room
Wellness Center	1	-	30	40	1,200	1,200	1		X	X	
Break/Lunch Room	1	-	24	36	864	864	1		X	X	Kitchenette; shared by all employees; Provide outdoor patio space; storm shelter
Mechanical Equipment Room	1	-	30	40	1,200	1,200	B		X	X	
Electrical Room	1	-	10	20	200	200	B		X	X	
SUBTOTAL						8,744					
CIRCULATION						2,886					
TOTAL S.F. REQUIREMENTS						11,630					
ROUNDED TOTAL						11,600					

EXHIBIT B
Existing Facility and Site

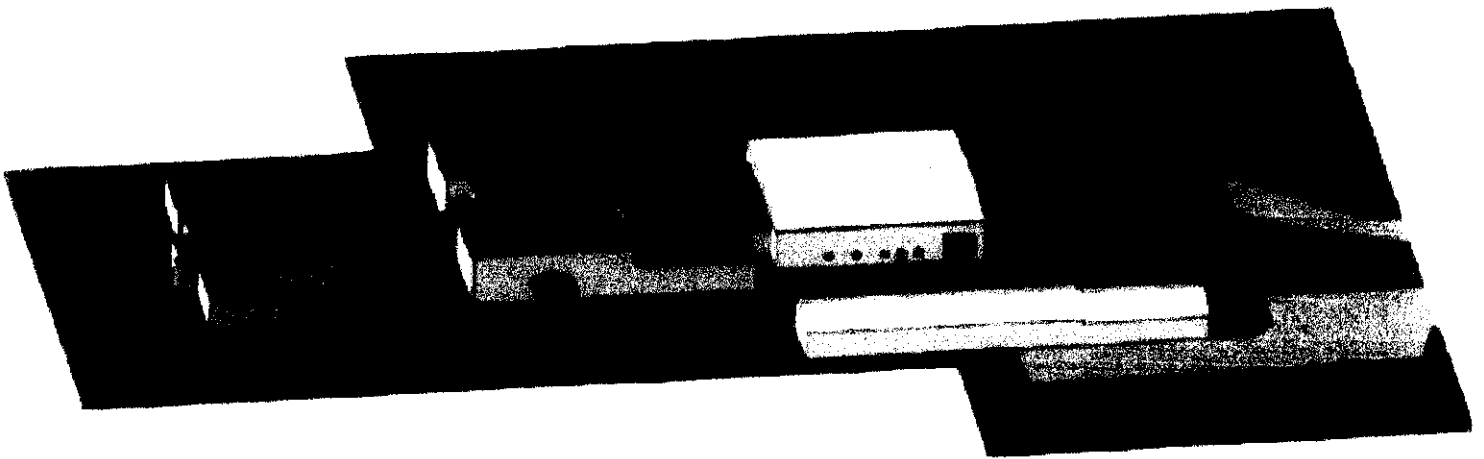


Existing Buildings



EXHIBIT C

Phases 1 and 2



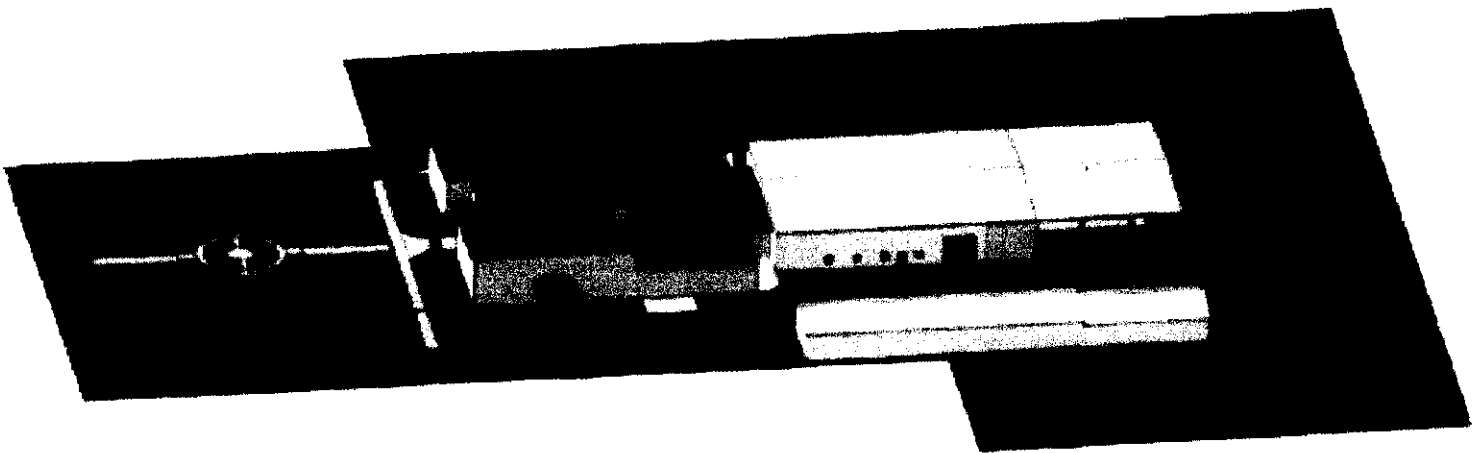
**Demolish Rear of Office
& Build New Office**



CDS Associates, Inc.

EXHIBIT D

Phase 3

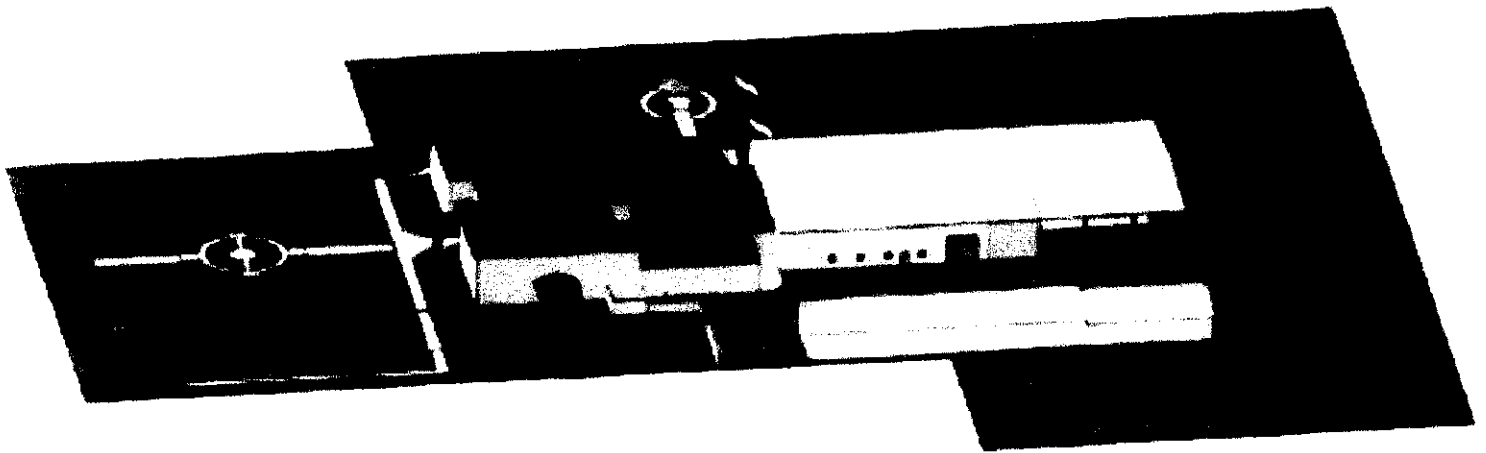


**Existing Office Demolished
& Warehouse Addition Built**



EXHIBIT E

Phase 4



Complete The Site Amenities



CDS Associates, Inc.

EXHIBIT F

Inter-County Energy Cooperative

Member Growth Statistics
September 1993 through September 2003

County	1993	2003	increase (members)	increase %
Boyle	2,627	3,234	607	23%
Casey	1,453	1,842	389	27%
Garrard	2,985	4,276	1,291	43%
Larue	122	147	25	20%
Lincoln	4,958	6,940	1,982	40%
Madison	51	60	9	18%
Marion	3,545	4,773	1,228	35%
Mercer	1,549	1,833	284	18%
Nelson	289	365	76	26%
Rockcastle	22	33	11	50%
Taylor	64	78	14	22%
Washington	194	210	16	8%
TOTAL	17,859	23,791	5,932	33% (About a 3.3% growth rate per year)

Central Service Area

Boyle	2,627	3,234	607	
Casey	1,453	1,842	389	
Garrard	2,985	4,276	1,291	
Lincoln	4,958	6,940	1,982	
Madison	51	60	9	
Mercer	1,549	1,833	284	
Rockcastle	22	33	11	
	13,645	18,218	4,573	77% (of 10-year growth rate the Central Service Area)

Western Service Area

Larue	122	147	25	
Marion	3,545	4,773	1,228	
Nelson	289	365	76	
Taylor	64	78	14	
Washington	194	210	16	
	4,214	5,573	1,359	23% (of 10-year growth rate in the Western Service Area)
COOP TOTAL	17,859	23,791	5,932	

EXHIBIT G

Comparison of Recently Constructed Cooperative Headquarters

Cooperative	Number Employees *	Number Customers*	Date Construction Complete	Headquarters Square Footage	Cost
Blue Grass Energy Nicholasville	81	29,443	Oct-95	16,000	\$ 2,038,000
Nolin RECC Elizabethtown	81	23,908	Oct-97	36,000	\$ 4,000,000
Jackson Energy McKee	130	48,158	Nov-01	21,600	\$ 2,100,000
Owen Electric Owenton	113	47,683	Dec-03	31,900	\$ 3,660,000 (anticipated)
Inter-County Energy Danville	60	23,791	Oct-05 (anticipated)	29,300	\$ 3,487,765 (anticipated)

* Total Employee Base and Customer Base at time of Construction Completion

To the best of our knowledge, the information provided to us by the above cooperatives includes only the hard costs for the office facility. It is assumed that land acquisition, site development costs, environmental studies/cleanup, geotechnical surveys, topographical surveys, warehouse space, furniture/fixtures, architectural and engineering fees are not included in their costs, therefore, they were not included in the Inter-County cost estimate compared above.